

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6115

BILL NUMBER: SB 54

NOTE PREPARED: Feb 28, 2006

BILL AMENDED: Feb 21, 2006

SUBJECT: Handgun Licensing.

FIRST AUTHOR: Sen. Nugent

FIRST SPONSOR: Rep. Woodruff

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Handgun License Expiration:* This bill provides that the period during which an application for the renewal of a handgun license may be filed begins 180 days before the license expires, and specifies that an application for a lifetime handgun license may be filed at any time.

Electronic Application for a Handgun License: It requires the superintendent of the State Police (ISP) and local law enforcement agencies to allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically if federal funds are available to establish and maintain an electronic application system. It requires the superintendent to keep on file one set of fingerprints from each applicant if an electronic application system is established.

National Instant Criminal Background Check System (NICS): It requires the state to participate in the NICS for firearms sales if federal funds are available to assist the state in participating in the NICS.

Lifetime Handgun License: The bill permits a person to apply for and receive a lifetime handgun license. It requires a person applying for a lifetime handgun license to pay a fee of (1) \$125 for a lifetime unlimited license if the person does not currently possess a valid handgun license; (2) \$100 for a lifetime unlimited license if the person currently possesses a valid handgun license; (3) \$75 for a lifetime qualified license if the person does not currently possess a handgun license; and (4) \$60 for a lifetime qualified license if the person currently possesses a handgun license. The bill provides that the local law enforcement agency that initially processes the license application retains (1) \$50 if the person does not currently possess a valid handgun license; and (2) \$40 if the person currently possesses a valid handgun license; the state receives the remaining fee.

Repealed Provisions: The bill also repeals provisions (1) specifying a handgun buyer's right to review and correct criminal history information; (2) establishing a criminal penalty for obtaining criminal history information under false pretenses; and (3) establishing a criminal history check fee. The bill makes other changes and conforming amendments.

Criminal History Data Fund: The bill establishes the Criminal History Data Fund to support the central repository for criminal history data, and, at the discretion of the superintendent, to establish, operate, or maintain an electronic log to record the sales of drugs containing ephedrine or pseudoephedrine. It provides that \$45 of the \$75 lifetime unlimited handgun license fee goes to the state General Fund, and the remaining \$30 goes to the Criminal History Data Fund, and provides that \$30 of the \$60 lifetime unlimited handgun license fee goes to the state General Fund, and the remaining \$30 goes to the Criminal History Data Fund. It specifies that if the portion of the handgun license fees deposited in the General Fund does not equal or exceed \$1.1 M, the Treasurer shall make up the difference by transferring money to the state General Fund from the Criminal History Data Fund.

Four-Year License: The bill increases the state fee for a four-year license to \$30, and raises the state fee for a replacement license to \$20. It also requires a person who may have become disqualified from holding a license to notify the superintendent within 30 days.

Deadly Force: This bill specifies that a person is justified in using deadly force and does not have a duty to retreat under certain circumstances.

Effective Date: July 1, 2006.

Explanation of State Expenditures: (Revised) *Electronic Application for a Handgun License:* This provision requires that federal funds be available in order for the state to participate. If federal funds are available and the state participates, it is possible that the state could incur expenses in the future if federal funds are discontinued.

With respect to establishing and maintaining an electronic system with Internet access whereby applicants can apply for a handgun license, the projected additional expenses for the system are outlined in the table below. Under the bill, the individual applies electronically directly to the ISP. The ISP then forwards the application to the local unit. If the application is for an initial license, the local unit must obtain fingerprints and forward a copy of the fingerprints to the ISP. The ISP may maintain fingerprint records in a manner that permits the ISP to comply with an electronic application or renewal system.

Task	Services	Equipment	Totals
Provide web-based gun permit application for Internet applicants	\$80,000	\$30,000	\$110,000
Build web-based gun permit approval process for local agencies*	\$45,000		\$45,000
Develop E-commerce for on-line payment of fees.	\$35,000		\$35,000
Web-Based Gun Permit Application Estimate	\$160,000	\$30,000	\$190,000
Create firearms repository in FileNet**	\$10,000	\$25,000	\$35,000
Modify CHRIS***	\$20,000		\$20,000
Rewrite background check process to behind-the-scenes automated	\$40,000		\$40,000
Create scanning form/high-speed data entry screen for hardcopy applications related to handgun license.	\$40,000		\$40,000
Management / Audit report development	\$10,000		\$10,000
Firearms Imaging Estimate	\$120,000	\$25,000	\$145,000
Total	\$280,000	\$55,000	\$335,000
*The bill does not require. **Make record division consistent with records repository. ***Criminal History Records Info System. Interfaces with counties and the FBI.			

ISP issues about 80,000 gun permits per year. Using an electronic system could save time and resources. An estimated three staff positions could be eliminated with the automated system for a reduction in expenditures for staff of an estimated \$140,000 per year. Additional reductions could include expenses for paper, elimination of manual record-keeping, processing, and accessing as well as improved security for the documents.

Background: Under existing law, the law enforcement agency which accepts an application for a handgun license collects a \$25 application fee. The local unit retains \$10 and forwards \$15 to the ISP. Local fees are deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund. The fund can be used by the agency for the purpose of training law enforcement officers or purchasing the law enforcement officers' firearms or firearm-related equipment. The officer to whom the application is made must ascertain certain information about the applicant. The officer must also conduct an investigation into the applicant's official records and verify the applicant's character and reputation, and the accuracy of the information contained in the application. The officer must forward the information with the officer's recommendation for approval or disapproval and one set of legible and classifiable fingerprints of the applicant to the ISP. The ISP may further investigate and approve or disapprove the application. The ISP must forward its recommendation to the officer to whom the application is made and the applicant. The ISP must retain a copy of the application for at least four years. The license is valid for four years. At the time a license is issued and delivered to a licensee, the superintendent must include information concerning handgun safety.

National Instant Criminal Background Check System (NICS): The bill provides that the state must participate

in NICS, which is maintained by the Federal Bureau of Investigation, if federal funds are available to assist the state in participating. This provision may not have a state impact if federal funds are available and the state participates solely using federal funds. It is possible that the state could incur expenses in the future if federal funds are not available.

Criminal History Checks: Under existing law, a dealer may not sell, rent, trade, or transfer a handgun to a person until the dealer has obtained a criminal history check from the ISP. The bill eliminates the requirement of the ISP criminal history check and instead provides that dealers may not sell, rent, trade, or transfer a handgun to a person until the dealer has obtained from the prospective purchaser a completed and signed Form 4473 and contacted NICS to request a background check. Dealers may transfer the gun when authorization from NICS is received. This provision will reduce administrative expenses for the ISP by an indeterminable amount.

The bill deletes provisions relating to the ISP providing a form that purchasers of handguns must fill out and give to the dealer in order for the dealer to obtain criminal history information from the ISP. The purchaser instead would be required to complete Form 4473 provided by the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives. This provision should reduce ISP administrative expenses associated with providing the form. However, the dealer must still forward a copy of the form to the ISP. Consequently, the ISP will maintain expenses associated with processing the form.

Criminal History Data Fund: The bill establishes the Criminal History Data Fund to support the central repository for criminal history data, and, at the discretion of the superintendent, to establish, operate, or maintain an electronic log to record the sales of drugs containing ephedrine or pseudoephedrine. Expenses associated with this provision would be paid for from the fund.

Explanation of State Revenues: *Lifetime Handgun Licenses:* The bill requires a person applying for a lifetime handgun license to pay a fee of (1) \$125 for a lifetime unlimited license if the person does not currently possess a valid handgun license; (2) \$100 for a lifetime unlimited license if the person currently possesses a valid handgun license; (3) \$75 for a lifetime qualified license if the person does not currently possess a handgun license; and (4) \$60 for a lifetime qualified license if the person currently possesses a handgun license. (Qualified licenses are issued for hunting and target practice.)

The bill provides that the ISP initially processes the application and retains (1) \$75 if the person does not currently possess a valid handgun license; and (2) \$40 if the person currently possesses a valid handgun license. (The remainder of the fee is forwarded to the locals.) Of the fee that is retained by the state, for an initial license, wherein the state retains \$75, \$45 would be deposited in the state General Fund and \$30 would be deposited in the Criminal History Data Fund. For renewals (applicants who currently have a 4-year license and elect to obtain a lifetime license), of the \$60 fee that the state retains, \$30 goes to the state General Fund and \$30 goes to the Criminal History Data Fund.

The ISP issues about 80,000 4-year handgun licenses each year. The current fee for a 4-year license is \$25 (\$15 to the state and \$10 to the local unit). Given the number of annual applications, the fee generates approximately \$1.2 M, which is currently deposited in the state General Fund.

Of the 80,000 handgun licenses issued each year, the ISP reports that approximately 24,000 are initial applications. It is presumed that the annual rate of initial applications, or 24,000, will continue, and that renewals will continue at a rate of approximately 56,000 annually. It is also assumed that all licenses are

qualified licenses. The final assumption is that those wishing to renew a license will elect to apply for a lifetime license with a one-time fee of \$100 (\$60 state and \$40 local) as opposed to continuing to pay the proposed renewal rate of \$40 (\$30 state and \$10 local) every four years.

With 56,000 annually applying for a lifetime license for the first four years, revenue generated would equal an estimated \$5.6 M, with the state retaining \$3.3 M and the locals receiving \$2.2 M. Of the \$3.3 M retained by the state, at least 50%, or \$1.65 M, would go to the state General Fund with \$1.65 M going to the Criminal History Data Fund. If new applicants for a handgun license (which equals about 24,000 each year) elect to obtain a lifetime license, revenue generated by the proposal will be higher.

The bill specifies that if the portion of the handgun license fees deposited in the General Fund does not equal or exceed \$1.1 M, the Treasurer must make up the difference by transferring money to the state General Fund from the Criminal History Data Fund.

Four-Year License: The bill increases the fee for a four-year license from \$25 to \$40, with the state retaining \$30 and locals retaining \$10. The fee for a replacement license is increased from \$5 to \$20. The renewal fee for a 4-year license would also equal \$40 (with \$30 to the state and \$10 to the locals). It is likely that many of the 24,000 individuals who apply for a new handgun license every year will elect to purchase a lifetime license. However, if each year 24,000 individuals apply for an initial 4-year license, the new fee of \$40 would result in an estimated revenue of \$960,000, of which 75%, or \$720,000, would be deposited in the state General Fund.

Criminal History Data Fund: The bill establishes the Criminal History Data Fund to support the central repository for criminal history data, and, at the discretion of the superintendent, to establish, operate, or maintain an electronic log to record the sales of drugs containing ephedrine or pseudoephedrine. It specifies that if the portion of the handgun license fees deposited in the General Fund does not equal or exceed \$1.1 M, the Treasurer shall make up the difference by transferring money to the state General Fund from the Criminal History Data Fund. (See above.)

Explanation of Local Expenditures: *Electronic Application for a Handgun License:* Local law enforcement agencies must allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically if federal funds are available to establish and maintain an electronic application system. The bill would have no impact to the extent that federal funds must be available in order to establish the system. (Also, see *Explanation of State Expenditures* above.)

Explanation of Local Revenues: *Lifetime Handgun Licenses:* The bill provides that the local law enforcement agency that processes the lifetime license application retains (1) \$50 if the person does not currently possess a valid handgun license; and (2) \$40 if the person currently possesses a valid handgun license. It is likely that at least 56,000 individuals will seek to obtain a lifetime license for the first four years. Given the above fees, the estimated number of applicants for a lifetime license would generate between \$2.2 M and \$2.8 M. Currently, locals are collecting about \$560,000 in fees from these individuals. Subtracting the current revenue of \$560,000, would result in new revenue that could range from \$1.6 M to \$2.2 M. (These figures assume that 24,000 of the applicants will apply for a 4-year license.)

Four-Year License: Of the \$40 license fee, locals would retain \$10. Locals currently retain \$10 of the license fee. An estimated 24,000 licenses issued each year are to applicants who are applying for a license for the first time. It is likely that most of these individuals will apply for a lifetime license. However, if each year 24,000

individuals apply for an initial 4-year license, the 4-year license would generate an estimated \$240,000 for local units. Currently, local units receive \$10 of each 4-year license fee, or about \$800,000. However, the revenue generated by the 4-year license would be added to revenue generated for lifetime licenses (as listed above).

State Agencies Affected: ISP.

Local Agencies Affected: Law enforcement entities.

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